

Message Text

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ACTION EB-08

INFO OCT-01 ISO-00 IO-13 OIC-02 AF-10 ARA-10 EA-10
EUR-12 NEA-10 STRE-00 CIAE-00 DODE-00 NSAE-00
NSCE-00 SSO-00 USIE-00 INRE-00 AGRE-00 CEA-01
COME-00 FRB-03 H-01 INR-07 INT-05 L-03 LAB-04
PA-01 CTME-00 AID-05 SS-15 STR-07 ITC-01 TRSE-00
PRS-01 SP-02 SOE-02 OMB-01 DOE-11 /146 W
-----100487 311341Z /40

O R 311249Z JAN 78
FM AMEMBASSY NEW DELHI
TO SECSTATE WASHDC IMMEDIATE 9120
USMISSION GENEVA IMMEDIATE
INFO AMEMBASSY KUALA LUMPUR

LIMITED OFFICIAL USE SECTION 1 OF 2 NEW DELHI 1638

FROM WOLFF FOR AMBASSADOR STRAUSS, MCDONALD WHITEHOUSE FOR AMB
OWEN

PASS STR ELECTRONICALLY

USMTN

E.O. 11652: N/A
TAGS: ETRD, MTN, IN
SUBJECT: U.S.-INDIAN TRADE CONSULTATIONS

1. VER POSITIVE TWO DAY MEETINGS WITH GOI MINISTRY OF COM-
MERCE OFFICIALS RESULTED IN JOINT STATEMENT SET OUT BELOW.
KEY POINTS ARE THAT:

A. THIS CONSTITUTES FIRST CONCRETE STEPS FOLLOWING-UP PRESI-
DENT CARTER'S TRIP TO NEW DELHI EARLIER THIS MONTH;

B. MEETING COINCIDED WITH INDIAN RELEASE OF ALEXANDER COM-
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MITTEE REPORT WHICH RECOMMENDS MAJOR IMPORT LIBERALIZATION IN
MARKED CHANGE FROM PAST 30 YEARS OF INDIAN HISTORY.

C. INDIAN OFFICIALS ACKNOWLEDGE THAT USG HAD LARGE IMPACT
ON FORTHCOMING NATURE OF REPORT, ESPECIALLY FROM STRAUSS/
DHARIA AUGUST VISIT AND RECENT PRESIDENTIAL VISIT.

D. WHILE CABINET WILL PROBABLY FALL SHORT OF FULL ADOPTION OF REPORT'S RECOMMENDATION, MEASURES TAKEN SHOULD STILL BE VERY SIGNIFICANT SHIFT IN INDIAN POLICY AWAY FROM RESTRICTIVE LICENSING.

E. ON MTN, INDIANS SUBSCRIBE TO IMPORTANCE OF JULY CLOSING DATE, AND JOINT OBJECTIVES WHICH ARE OF SUBSTANTIAL INTEREST TO U.S.

F. INDIAN ASSURED DELEGATION PRIVATELY THAT THERE WOULD BE FURTHER LIBERALIZATION OF ALMONDS FOR 1978/79. ALSO, INDICATED THEY WOULD CONSIDER ANY SPECIFIC U.S. REQUEST FOR LIBERALIZATION PARTICULARLY THOSE FOR TROPICAL PRODUCTS. THUS STATEMENT THAT BOTH DELEGATIONS ANTICIPATED RAPID PROGRESS TOWARD EARLY AND SUCCESSFUL CONCLUSION OF THE TROPICAL PRODUCTS PHASE OF THE NEGOTIATIONS AS A RESULT OF THEIR DISCUSSIONS PARTICULARLY SIGNIFICANT. FOR FIRST TIME INDIA NOW ACCEPTS THAT THEY SHOULD TAKE U.S. REQUESTS INTO ACCOUNT IN THEIR INTERNAL LIBERALIZATIONS.

2. BEGIN TEXT: JOINT STATEMENT ON THE TRADE CONSULTATIONS BETWEEN REPRESENTATIVES OF INDIA AND THE UNITED STATES, NEW DELHI, JANUARY 30-31, 1978. AS PART OF THE IMPLEMENTATION OF THE DELHI DECLARATION SIGNED JANUARY 3, 1978, BY INDIA'S PRIME MINISTER MORARJI DESAI AND U.S. PRESIDENT JIMMY CARTER, CONSULTATIONS WERE HELD IN DELHI ON JANUARY 30-31, LIMITED OFFICIAL USE

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1978, BETWEEN OFFICIALS OF GOVERNMENTS OF INDIA AND THE UNITED STATES. THE INDIAN DELEGATION WAS LED BY ADDITIONAL SECRETARY P.K. KAUL OF THE MINISTRY OF COMMERCE. THE UNITED STATES DELEGATION WAS LED BY PRESIDENT CARTER'S DEPUTY SPECIAL TRADE REPRESENTATIVE, AMBASSADOR ALAN WILLIAM WOLFF. HE CALLED ON SHRI MOHAN DHARIA, MINISTER OF COMMERCE, CIVIL SUPPLIES AND COOPERATION.

3. THE CONSULTATIONS BUILT UPON DISCUSSIONS IN AUGUST, 1977, IN WASHINGTON BETWEEN MINISTER COMMERCE DHARIA AND THE PRESIDENT'S SPECIAL TRADE REPRESENTATIVE ROBERT S. STRAUSS.

4. THE ISSUES RAISED CONCERNED THE MULTILATERAL TRADE NEGOTIATIONS (MTN) IN GENEVA AND BILATERAL TRADE ISSUES. THE INDIAN DELEGATION, IN PARTICULARLY, EXPRESSED CONCERN ABOUT UNITED STATES COUNTERVAILING DUTY CASES RELATING TO TEXTILES, AND THE IMPORT RELIEF CASE REGARDING INDUSTRIAL FASTENERS, AND THE TRIGGER PRICE MECHANISM FOR STEEL PRODUCTS. IN THIS CONNECTION, THE INDIAN DELEGATION REQUESTED FAVORABLE AND APPROPRIATE ACTION ON THE BASIS OF INFORMATION SUPPLIED BY THE GOVERNMENT OF INDIA. THE UNITED STATES DELEGATION EXPRESSED CONCERN ABOUT A NUMBER OF ASPECTS OF THE GOVERNMENT OF INDIA'S

IMPORT POLICIES AND MEASURES.

5. BOTH DELEGATIONS AGREED THAT THE INCREASING WORLD-WIDE THREAT OF PROTECTIONISM MADE IMPERATIVE THE EARLY SUCCESSFUL CONCLUSION OF THE MTN AND THAT THIS SHOULD BE ACCOMPLISHED BY JULY 1978. THEY ALSO AGREED THE NEGOTIATION COULD NOT BE CONSIDERED SUCCESSFUL WITHOUT ADDRESSING THE ISSUES OF CONCERN TO ALL PARTICIPANTS, BOTH DEVELOPING AND DEVELOPED COUNTRIES, IN ACCORDANCE WITH THE PROVISIONS OF THE TKYO DECLARATION, WHICH SPECIFICALLY INCLUDES AS AN OBJECTIVE SECURING ADDITIONAL BENEFITS FOR THE INTERNATIONAL TRADE OF DEVELOPING COUNTRIES.

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ACTION EB-08

INFO OCT-01 EA-10 NEA-10 IO-13 ISO-00 OIC-02 AF-10
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-----101598 311537Z /53

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FM AMEMBASSY NEW DELHI

TO SECSTATE WASHDC IMMEDIATE 9121

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FROM WOLFF FOR AMBASSADOR STRAUSS, MCDONALD WHITEHOUSE FOR AMB
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6. IN PARTICULAR, BOTH SIDES STRESSED THE NEED FOR CONTINUED GLOBAL TRADE LIBERALIZATION AND IMPROVEMENTS IN THE INTERNATIONAL TRADING FRAMEWORK THAT WOULD PROVIDE FOR THE FULL PARTICIPATION OF DEVELOPING COUNTRIES IN THE INTERNATIONAL TRADING SYSTEM. IN IMPLEMENTING THE GOALS OF THE TOKYO DECLARATION, THEY RECOGNIZED THE IMPORTANCE OF REACHING EARLY

INTERNATIONAL AGREEMENT ON SUBSIDIES AND OFFSETTING MEASURES, SAFEGUARDS AND IMPROVEMENTS IN THE INTERNATIONAL TRADING FRAMEWORK, CONSISTENT WITH THE BORADER OBJECTIVES OF THE MTN.

7. THE DELEGATIONS NOTED THAT THE MTN WAS BEGINNING ITS FINAL, CRUCIAL NEGOTIATING STAGE, AND EXPRESSED THE CONVICTED LIMITED OFFICIAL USE

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TION THAT ALL PARTICIPANTS SHOULD STRIVE ACTIVELY IN A COOPERATIVE EFFORT TO MAXIMIZE THE BENEFITS THAT COULD BE ACHIEVED. THE NEXT FEW MONTHS COULD PROVIDE A UNIQUE OPPORTUNITY TO INFLUENCE THE TRADING SYSTEM FOR THE COMING DECADES.

8. IN THE CONTEXT OF THESE DISCUSSIONS, THE INDIAN DELEGATION CITED THE REPORT SUBMITTED TO THE GOVERNMENT OF INDIA FOR ITS CONSIDERATION PROPOSING CHANGES IN ITS EXTERNAL TRADING SYSTEM WHICH COULD RESULT IN MAJOR TRADE LIBERALIZATION DESIGNED TO ACHIEVE THE OBJECTIVES OF GROWTH, EMPLOYMENT CREATION AND SOCIAL JUSTICE. THE PROPOSALS COULD ALSO RESULT IN GREATER RELIANCE ON THE TARIFF MECHANISM IN COMPARISON TO IMPORT LICENSING FOR IMPORT ALLOCATION. THEY COULD ALSO FOSTER IMPORTS OF HIGH TECHNOLOGY GOODS AND OTHER ESSENTIAL INDUSTRIAL INPUTS FOR PRODUCTION PURPOSES.

9. THE UNITED STATES DELEGATION WELCOMED THE PROPOSALS AS DESCRIBED AND FELT THAT IF ADOPTED THEY WOULD PROVIDE A MEANINGFUL CONTRIBUTION TO TRADE LIBERALIZATION.

10. THE UNITED STATES DELEGATION TOOK NOTE OF THE AUTONOMOUS MEASURES INTRODUCED BY GOVERNMENT OF INDIA IN THE PAST TWO YEARS, AND REQUESTED THAT THE GOVERNMENT OF INDIA TAKE FURTHER TRADE LIBERALIZING MEASURES IN ITS IMPORT POLICY FOR 1978-1979. IN THIS CONNECTION THE UNITED STATES DELEGATION MADE A REFERENCE TO THE LISTS GIVEN TO GOVERNMENT OF INDIA OF PRODUCTS AND MEASURES OF SPECIFIC INTEREST TO U.S.

11. THE UNITED STATES DELEGATION EXPRESSED APPRECIATION FOR THE INDIAN GOVERNMENT'S RECENT ACTIONS LIBERALIZING ALMOND IMPORTS AND REQUESTED THAT THE GOVERNMENT OF INDIA GIVE EARLY FAVORABLE CONSIDERATION TO ADDITIONAL ADMINISTRATIVE MEASURES TO FACILITATE THE FURTHER DEVELOPMENT OF THIS TRADE. LIMITED OFFICIAL USE

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12. AS A RESULT OF THEIR DISCUSSIONS BOTH DELEGATIONS ANTICIPATED RAPID PROGRESS TOWARD EARLY AND SUCCESSFUL CONCLUSION

OF THE TROPICAL PRODUCTS PHASE OF THE NEGOTIATIONS.

13. BOTH DELEGATIONS AGREED TO CONTINUED BILATERAL DISCUSSIONS IN GENEVA TO REACH EARLY AGREEMENT ON PRODUCT-RELATED ELEMENTS OF TRADE LIBERALIZATION AS WELL AS GENERAL CODES OF CONDUCT.

14. THEY PLACED PARTICULAR EMPHASIS ON MUTUAL CONSULTATIONS IN GENEVA ON IMPROVEMENT OF THE INTERNATIONAL TRADING FRAMEWORK, STRENGTHENING THE INSTITUTIONAL ASPECTS OF THE GATT, AND IN PARTICULAR ITS DISPUTE SETTLEMENT MECHANISM. END TEXT

15. SEPTELS FOLLOW ON TROPICAL PRODUCTS DISCUSSIONS AND BILATERAL TRADE ISSUES.

16. EMBASSY COMMENT: THE NEGOTIATION OF THE JOINT STATEMENT IS NOTABLE AS AN EXPRESSION OF GOI WILLINGNESS TO TAKE A PUBLIC STANCE OF ACCOMMODATION WITH THE UNITED STATES ON AN ISSUE OF ACTIVE CONCERN WITH THE GROUP OF 77. IN THIS WE ARE CLEARLY BUILDING ON THE RELATIONSHIP ESTABLISHED BY PRESIDENT CARTER'S VISIT AND THE EARLIER STRAUSS/DHARIA MEETING, AND HAVE BENEFITED FROM THIS ATMOSPHERE TO FOSTER CONCRETE US POLICY GOALS.

17. TEXT OF JOINT STATEMENT IS UNCLASSIFIED.
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Message Attributes

Automatic Decaptioning: X
Capture Date: 01 jan 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: TRADE, MEETING REPORTS
Control Number: n/a
Copy: SINGLE
Draft Date: 31 jan 1978
Decaption Date: 01 jan 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 20 Mar 2014
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1978NEWDE01638
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Expiration:
Film Number: D780046-0064
Format: TEL
From: NEW DELHI USMTN
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1978/newtext/t1978014/aaaaacnm.tel
Line Count: 249
Litigation Code IDs:
Litigation Codes:
Litigation History:
Locator: TEXT ON-LINE, ON MICROFILM
Message ID: 9e16c7e1-c288-dd11-92da-001cc4696bcc
Office: ACTION EB
Original Classification: LIMITED OFFICIAL USE
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 5
Previous Channel Indicators: n/a
Previous Classification: LIMITED OFFICIAL USE
Previous Handling Restrictions: n/a
Reference: n/a
Retention: 0
Review Action: RELEASED, APPROVED
Review Content Flags:
Review Date: 05 may 2005
Review Event:
Review Exemptions: n/a
Review Media Identifier:
Review Release Date: N/A
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
SAS ID: 3738924
Secure: OPEN
Status: NATIVE
Subject: U.S.-INDIAN TRADE CONSULTATIONS
TAGS: ETRD, IN, US, MTN
To: STATE GENEVA
Type: TE
vdkgvwkey: odb://SAS/SAS.dbo.SAS_Docs/9e16c7e1-c288-dd11-92da-001cc4696bcc
Review Markings:
Sheryl P. Walter
Declassified/Released
US Department of State
EO Systematic Review
20 Mar 2014
Markings: Sheryl P. Walter Declassified/Released US Department of State EO Systematic Review 20 Mar 2014